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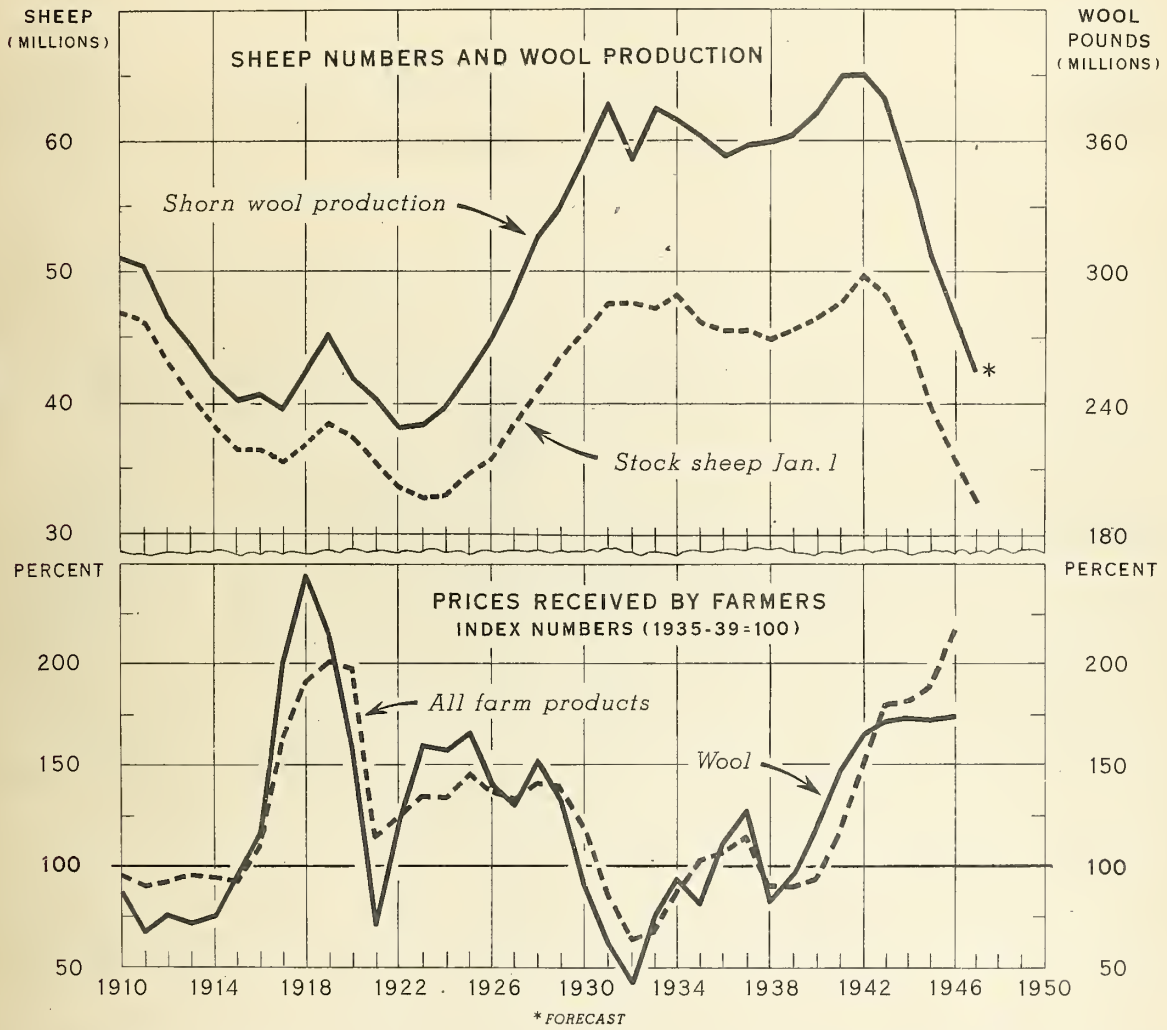
MAR. 15, A. M.

THE Wool SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TWS - 1 BAE MARCH 1947

STOCK SHEEP ON FARMS JAN. 1, SHORN WOOL PRODUCTION, AND PRICES RECEIVED BY FARMERS FOR WOOL, AND FOR ALL FARM PRODUCTS, UNITED STATES, 1910-47



U. S. DEPARTMENT OF AGRICULTURE NEG. 45150-A BUREAU OF AGRICULTURAL ECONOMICS

Shorn wool production for 1946 in the United States is now estimated at 280 million pounds, 28 percent less than the peak production of 1942. More profitable returns from enterprises other than sheep and the uncertain outlook for wool prices have been largely responsible for the sharp decline in sheep numbers and wool production since 1942. A further decline in shorn wool production is indicated for 1947 on the basis of stock sheep numbers reported on farms January 1, 1947.

STATISTICAL SUMMARY

Item	Unit or base period	1945 Oct.	1945 Nov.	1945 Dec.	1945 Jan. 1946	1946 Oct.	1946 Nov.	1946 Dec.	1946 Jan. 1947	Last data available as percent of a year earlier
Price received by farmers	Cents	41.7	40.8	40.6	40.8	41.1	40.9	41.1	40.6	100
Parity price	Cents	32.0	32.0	32.2	32.4	37.9	38.8	39.0	39.3	121
Farm as percentage of parity	Percent	130	128	127	125	108	105	105	103	
Boston Market price:										
Domestic wool										
Territory, scoured basis	Cents									
64s, 70s, 80s, staple	per	119.0	119.0	103.5	103.5	103.7	110.6	114.5	115.5	112
56s, combing	pound	104.5	104.5	92.5	92.5	92.7	99.2	101.5	103.5	112
Bright fleece, grease basis										
64s, 70s, 80s, delaine	"	47.5	47.5	42.0	42.0	42.1	43.5	46.0	49.5	118
56s, combing	"	54.5	54.5	48.5	48.5	48.0	49.0	53.0	53.0	109
Foreign wool, excl. duty										
Australian, clean basis										
64s, 70s, topmaking	"	75.5	75.5	75.8	75.5	75.7	78.9	85.0	85.0	113
Montevideo, grease basis 1/										
60s, 64s, (merinos)	"	39.5	40.5	40.5	40.7	44.5	44.5	44.5	44.5	109
56s, (ones)	"	42.0	42.5	42.5	42.4	44.5	44.5	44.5	44.5	105
Other textile fibers										
Cotton, Middling 15/16" 2/	Cents	23.1	23.9	24.5	24.7	36.1	30.9	32.4	31.9	129
Rayon staple fiber	per									
Viscose 1-1/2 denier	pound	25.0	25.0	25.0	25.0	25.0	26.5	28.0		112
Acetate 5 denier		38.0	38.0	38.0	38.0	38.0	42.0	46.0		121
Mill consumption:		Sept.	Oct.	Nov.	Dec.	Sept.	Oct.	Nov.	Dec.	
Per week, during month 3/										
Grease basis										
Apparel wool, total	1,000 lb.	16,328	17,103	16,713	15,971	21,861	22,335	21,402	4/ 20,900	131
Domestic	"	1,464	1,328	1,491	1,597	5,913	6,474	6,616	4/ 6,700	420
Foreign (duty-paid)	"	14,864	15,775	15,222	14,374	15,948	15,831	14,786	4/ 14,200	99
Carpet wool (duty-free)	"	1,936	2,336	2,181	2,563	3,590	3,799	4,057	4/ 4,100	160
Scoured basis										
Apparel wool, total	"	9,751	10,308	10,083	9,597	12,475	12,675	12,046	11,700	122
Domestic	"	746	669	772	783	2,738	2,944	2,959	3,000	383
Foreign (duty-paid)	"	9,005	9,639	9,311	8,814	9,737	9,731	9,087	8,700	99
Carpet wool (duty-free)	"	1,457	1,720	1,592	1,859	2,565	2,687	2,869	2,900	156
Accumulated since Jan. 1, 3/										
Grease basis										
Apparel wool, total	Million	796.5	882.1	948.9	1,012.7	791.9	903.6	989.1	4/1,070.0	106
Domestic	pounds	232.7	239.4	245.4	251.7	154.9	187.3	213.7	4/ 240.0	95
Foreign (duty-paid)	"	563.8	642.7	703.5	761.0	637.0	716.3	775.4	4/ 830.0	109
Carpet wool (duty-free)	"	45.4	57.1	65.8	76.1	128.1	147.1	163.4	4/ 180.0	237
Scoured basis										
Apparel wool, total	"	459.0	510.5	550.8	589.3	462.0	525.4	573.6	620.3	105
Domestic	"	110.8	114.1	117.2	120.4	73.0	87.7	99.6	111.6	93
Foreign (duty-paid)	"	348.2	396.4	433.6	468.9	389.0	437.6	474.0	508.7	108
Carpet wool (duty-free)	"	33.5	42.1	48.4	55.9	91.4	104.8	116.3	127.9	229
Imports - actual weight 5/										
Apparel wool (duty-paid)	Million	55.4	70.5	60.9	58.1	73.1	57.7	52.8	46.2	80
Carpet wool (duty-free)	pounds	7.1	23.0	20.2	18.1	11.4	11.7	12.5	9.8	54
Accumulated since Jan. 1,										
Apparel wool (duty-paid)	"	462.3	532.7	593.6	651.7	650.2	707.9	760.7	806.9	124
Carpet wool (duty-free)	"	67.4	90.4	110.6	128.7	208.4	220.1	232.6	242.4	188
Stocks, end of month:										
Apparel wool, grease basis										
CCC stocks	Million	420.1	---	---	449.1	541.0	---	---	4/ 480.0	107
Mill and dealer stocks	pounds									
Domestic wool	"	82.3	---	---	69.4	153.2	---	---	4/ 160.0	231
Foreign wool	"	262.3	---	---	279.4	302.3	---	---	4/ 255.0	91
Total apparel wool	"	764.7	---	---	797.9	996.5	---	---	4/ 895.0	112
Carpet wool, grease basis	"	80.7	---	---	110.0	146.2	---	---	4/ 141.0	128
Wool fabric production:										
Accumulated since Jan. 1,										
Men's wear	Million	159.3	---	---	204.2	166.9	---	---	227.8	112
Women's & children's wear	linear	91.7	---	---	141.4	173.9	---	---	234.6	166
Other apparel fabrics	yards	43.4	---	---	55.8	46.0	---	---	61.7	111
Total apparel fabrics	"	294.4	---	---	401.4	386.8	---	---	524.1	131
Blankets	"	68.8	---	---	80.2	36.2	---	---	48.7	61
Other non-apparel fabrics	"	5.9	---	---	11.8	23.5	---	---	30.7	260
Total woven fabrics	"	369.1	---	---	493.4	446.5	---	---	603.5	122

Compiled from official sources.
1/ Boston Commercial Bulletin quotations.
2/ Average at 10 markets.
3/ The first month of each quarter is a five week period, the other months are four week periods.
4/ Grease basis figures for December 1946 derived from preliminary scoured basis data.
5/ Imports for consumption.

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THE WOOL SITUATION

Approved by the Outlook and Situation Board March 7, 1947

SUMMARY

Wool growers will receive lower prices for the 1947 clip if the Government support which expires April 15, is not renewed. If no program is authorized, farm prices of wool probably will decline at least 10 percent to meet prices of imported wools.

The Secretary of Agriculture stated on January 22 in regard to the present CCC wool purchase programs, "We do not plan to continue it unless the Congress specially directs us to do so." There are now several bills before Congress providing for a continuation of supports.

Stocks of apparel wool held by mills, dealers and the CCC on December 28, 1946 totaled 805 million pounds, (grease basis) or 97 million pounds larger than a year earlier and more than 3 times as large as 1935-39 average stocks. CCC holdings amount to 480 million pounds (grease basis) at the year's end, a slight increase from a year earlier. CCC sales were large during the last half of 1946 but have been small in 1947 and may continue so for some time.

(For release March 15. a.m.)

Domestic mills consumed 1070 million pounds (grease basis) of apparel wool in 1946, compared with 1013 million in 1945. The 1946 total includes 830 million pounds of foreign wool and 240 million pounds of domestic wool. Less domestic wool was used in 1946 than in any year since 1918 when records were first kept. Total consumption this year may be around 200 million pounds lower (grease basis) than in 1946 but such a consumption would still be about 300 million pounds larger than 1935-39 average.

Wool production in 1947 is forecast at 255 million pounds. This is 25 million pounds smaller than our earlier forecast, and would be the smallest production since 1925. The number of stock sheep on farms have been revised to a lower level. The number of stock sheep declined 34 percent within the past five years and on January 1, 1947 were the lowest on record since 1867. The number may decline at a slower rate this year.

Wool textile activity increased rapidly in much of Europe during 1946. By the end of the year output was apparently up to, or above, the 1938 level in many of the important consuming centers of Western Europe, except Germany. The shortage of raw material which was the principal handicap to production of wool goods when the war ended has been eased by large purchases of Southern Hemisphere wool. Although the shortage of fuel and power is still limiting production in Western Europe the principal handicap appears to be a shortage of skilled workers.

(For release March 15, a.m.)

THE DOMESTIC SITUATION

Prices of Some Imported Wools Decline Slightly; Domestic Wools Higher

Prices for fine grades of imported wools at Boston showed little change during January and February. Good topmaking Australian 64s-70s were quoted at $1.18-$1.20 a pound, clean basis, including duty, for the week ending February 22. These prices had not changed since the last week of November. Prices for medium grades of Montevideo wools weakened slightly in February and for the week ending February 22 were about a cent a pount, grease basis, lower than at the end of December.

Increases in the parity price of wool during each of the last few months have required corresponding increases in CCC selling prices for domestic wool. Selling prices announced for March average about 15 percent higher than before the first upward adjustment was made in the early part of October. Territory 64s and finer, average and good French combing wools are priced at $1.16 a pound, clean basis, for March compared with $1.00 in early October. Bright fleece 56s, staple, are $1.02 a pound, clean basis, compared with 90 cents in early October. Since the December 31 price increase, CCC prices for most domestic wools have again been too high to compete with foreign wools.

Outlook for Wool Prices in 1947

The Secretary of Agriculture has stated that the Department does not plan to renew its wool purchase program which expires on April 15 unless directed by Congress to do so. There are now several bills before the Congress providing for a continuation of supports. If no support is authorized, prices to wool growers for the 1947 clip will decline to a level competitive with prices of imported wool, and will be somewhat lower than in the last 4 years when prices have been supported. Market prices for representative grades of imported wool, duty paid, at Boston in February were 8 to 12 percent lower than CCC purchase prices for comparable domestic wools, adjusted for the difference in preparation of domestic and foreign wools. Because Australian fine wools are skirted they have lower conversion costs than domestic fine wools. Prices of imported wools are not expected to increase much from present levels. Fine wool prices in foreign markets have made some further moderate advances following the sharp rise at the opening of the 1946-47 marketing season in September but prices of medium wools have leveled off.

Estimates of Sheep Numbers and Wool Production Revised: Sheep Numbers at Record Low Level

Estimates of sheep numbers and wool production for the years 1940 through 1946 have been revised recently. The revised estimates are generally lower than previous estimates for these years. They also show a greater decline in sheep numbers and wool production since 1942 than previously estimated. The revised estimates were prepared after an appraisal of reports of sheep numbers and wool production from the 1945 Census of Agriculture, reports on Government wool purchases, and other available information.

From a high of 49.3 million head on January 1, 1942, stock sheep numbers declined 34 percent within 5 years. On January 1, 1947 they numbered only 32.5 million, the lowest in the record going back to 1867. Numbers have declined in all geographic regions, ranging from a reduction of 43 percent from the 1942 level in the North Central States to 21 percent in the South Central States which include Texas. There appears to be three reasons for this decline.

1. The rise in farm operating costs. The sheep enterprise is characterized by a high proportion of cash costs especially for labor. It was these costs that rose most during the war.

2. More attractive prices (including subsidy payments) in enterprises competitive to sheep. Both beef cattle prices and the average prices of all farm products increased more during the war (that is from December 1941 to August 1945) than did the price of either lambs or wool.

3. During the latter part of the war period, the outlook for wool prices was particularly uncertain, as surplus stocks of wool existed both here and abroad so that it was evident that some price decline was possible without the continuation of price supports.

The number of sheep may decline at a slower rate this year than during the past 5 years. More labor probably will be available to ranchers, and prices of lambs in 1947 are expected to be more favorable in relation to beef cattle and some other farm products than during the past few years. The outlook for wool prices, however, is still uncertain.

Production of shorn wool for 1946 is now placed at 280 million pounds. This is 9 percent below the 1945 production and is 28 percent below the revised estimate of 388 million pounds for 1942 when production was at a record high. Production of shorn and pulled wool combined totaled 341 million pounds in 1946 compared with 378 million pounds in 1945 and the record 1942 production of 456 million.

On the basis of the number of stock sheep on January 1, 1947, and past relationships between sheep numbers and sheep shorn and assuming average weight per fleece equivalent to the 1935-44 average, shorn wool production for 1947 may be about 255 million pounds. This would be the smallest production since 1925.

Pulled wool production in 1946 was 61.3 million pounds down 9.2 million from the 1945 production and 4.8 million below the 1935-44 average. The sharp reduction in pulled wool production from 1945 was partly the result of a decrease in the number of sheep slaughtered, but primarily a result of the record number of skins from slaughtered sheep going to users other than pullers. While total sheep slaughter in 1946 was about 1.3 million head less than in 1945, the indicated number of skins pulled was about 4.3 million less than the number pulled in 1945.

The revised estimates of sheep numbers, wool production, and income are shown in the table at the end of this report.

Cash Receipts From Wool Further Reduced

Cash receipts from shorn wool in 1946 were 118 million dollars, the smallest since 1940. The 1946 receipts were 8 percent smaller than in 1945 and 25 percent smaller than the record 1943 receipts now estimated at 158 million

dollars. The rate of decline was quite moderate in Texas but very marked reductions were made in the Eastern States where the number of farms keeping sheep have declined sharply. By 1946 the cumulative decline from the 1943 peak was only 12 percent in Texas but was 35 percent in the East and Central States while for the 13 Western (range) States it was 25 percent. The decline in receipts from wool since 1943 has resulted from smaller production. During this period government purchase programs have kept prices to growers stable at an average of about 42 cents a pound. Cash receipts from wool probably will decline further this year. Production may be 9 percent smaller than in 1946 and prices to growers may be lower than last year.

Cash receipts from the sale of sheep and lambs were a record in 1946 primarily because of high lamb prices. Some decline in cash receipts from sale of sheep and lambs is in prospect for 1947 because of smaller slaughter anticipated. Cash receipts from sheep, lambs and wool combined in 1946 were moderately higher than in 1945 but were less than in 1943. The total cash receipts of the sheep industry in 1947 may be lower than for any year since 1941.

Mill Consumption at New Record High in 1946; Smaller Consumption Expected This Year

Consumption of apparel wool by United States mills reached a new record high of 620 million pounds, scoured basis, in 1946. This was 5 percent above the previous record of 592 million in 1943 and more than twice as large as the 1935-39 average of 281 million. Consumption of apparel wool on a grease basis was 1,070 million pounds in 1946 compared with 1,013 million in 1945. The 1946 total included 830 million pounds of foreign wool and 240 million pounds of domestic wool. Less domestic wool was used in 1946 than in any year since 1918 when records were first compiled. Use of domestic wool increased steadily during 1946, however, from the low level reached in the latter part of 1945, and in the month of December it was at an annual rate of 350 million pounds (grease basis). Total consumption of domestic and foreign wool in December was moderately below the peak for the year which was reached in October.

The February mill output of wool goods was probably about equal to the 1946 average. This is believed to be high enough to more than meet current consumer demands for apparel and some decline in mill consumption may occur this spring or summer. Total wool consumption for all of 1947 may be around 200 million pounds less (grease basis) than in 1946, but such a consumption if realized still would be about 300 million pounds larger than the 1935-39 average. The large production of wool fabrics and clothing in 1946 added considerably to stocks in commercial channels and there will be less need this year for extra production to build up inventories. In addition, consumer expenditures for non-durable goods in 1947 may be smaller than in 1946.

Consumption of carpet wool all of foreign origin by United States mills totaled 180 million pounds (grease basis) in 1946 compared with 76 million in 1945. The 1946 consumption was larger than in any previous year except 1941. Production of floor coverings was greatly limited during the war. Deferred demand, and a high level of consumer incomes is expected to maintain consumption of carpet wool at a high level through 1947.

Stocks at Beginning of 1947 Larger Than a Year Earlier

Total United States stocks of domestic and foreign apparel wool held by mills and dealers and by the CCC were 895 million pounds (grease basis) on December 28, 1946. This was about 97 million pounds larger than a year earlier and more than 3 times as large as the 1935-39 average of 275 million pounds for the corresponding date. The December 28 stocks in all hands plus estimated production for 1947 probably will be large enough to meet total mill requirements for the year. In addition, imports are now substantial.

Mills and dealers alone held about 415 million pounds of apparel wool at the beginning of 1947, of which 255 million pounds were foreign wool. These stocks were about 65 million pounds larger than a year earlier and larger than on the corresponding date of any recent year. But they were equivalent to only 4.6 months supply at the December rate of mill consumption compared to a 5.4 month holding for the corresponding date in 1935-39. Because of large sales to mills during the final quarter of 1946, CCC stocks on January 1 of about 480 million pounds (grease basis) were considerably smaller than on October 1 but they were about 30 million pounds larger than a year earlier.

About 30 million pounds of British owned stockpile wool were still in this country on January 1, awaiting shipment abroad. All other British stockpile wools already had been re-exported. The British wool is not included in the above stocks data.

Wool Imports to Decline in 1947

Imports in 1947 probably will be considerably smaller than last year. Domestic consumption is expected to decline and mills probably will reduce their large inventories of foreign wools. This would be especially true if the CCC were permitted to sell its wool at prices competitive with foreign prices.

Imports of dutiable wool were exceptionally large in 1946 totaling 807 million pounds, actual weight compared with 652 million in 1945 and the 1935-39 average of 90 million. The 1946 imports of dutiable wool were larger than in any earlier year, including 1942 and 1943, if the large amounts of British owned wool which entered the country and were stored here as an act of international courtesy and later re-exported, are excluded from the totals for those years. In part, the large imports reflected large purchases by U. S. buyers in the 1945-46 season from the British Wool Control, later replaced by the United Kingdom Dominion Wool Disposals Ltd. (Joint Organization). Buyers generally expected prices to increase when auctions resumed in September 1945 and placed large orders at 1945-46 issue prices before sales at these prices were terminated in June 1946. Imports declined in the final quarter of 1946 from the exceptionally high rate maintained during the first 3 quarters of the year. Data on arrivals at 3 ports and reports from abroad of the moderate rate of American buying would indicate that the lower rate may be continuing in the first quarter of 1947. By October 1946, most of the wools purchased in the previous season from the British Wool Control had been delivered. From July to November 1946, CCC selling prices for domestic wools were lower than costs of similar wools in foreign markets, including allowances for import costs, duty, and differences in preparation but have been higher since December.

Imports of duty-free wools in 1946 for use in floor coverings or for other duty-free purposes totaled 242 million pounds, and exceeded the imports for any earlier year. About half of the duty-free imports in 1946 were wool classified as "not finer than 40s" rather than true carpet wools. The importation of such large quantities of this wool for use in floor coverings is a postwar development apparently caused by the reduced supply and high prices of true carpet types.

THE FOREIGN SITUATION

Wool Sales Under the Joint Organization Program For British Empire Wool, 1946-47

In September 1946, the Joint Organization begin liquidating large government owned stocks of Dominion wool and supporting the market for the current production of the Dominions. Auctions which had been suspended since 1939, were resumed in the United Kingdom and in the Southern Hemisphere Dominions. Wool from the current clips of Australia, New Zealand and the Union of South Africa are offered at auction by growers, and the Joint Organization is offering wool from its stocks. The organization regulates the quantities of wool offered and will purchase new clip wool at a reserve price if it is not sold to commercial buyers at this price or a higher price. Wool offered from Joint Organization stocks is withdrawn if bids do not meet the reserve price.

Table 1.-Sales of wool at Auction in the United Kingdom and British South Hemisphere Markets 1934-38, and offerings for 1946-47, year beginning July 1/

Place of sale	1934-38 average sales July - June	1946-47 Scheduled offerings Sept.-Dec.	Jan. - June	Total
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
London 2/	440	510	425	935
Australia	2,908	1,138	3/ 2,000	3/ 3,138
New Zealand	655	4/ 300		
South Africa	497	370		
Total	4,500	2,318		
Approx. equivalent in million pounds 5/	1,419	733		

1/ Auctions normally begin about September in Australia and South Africa, and November 1 in New Zealand. Auctions at London are bimonthly.
2/ Includes Bradford and Liverpool in 1946-47 season.
3/ Includes 250,000 bales from Government stocks in the last half of the season.
4/ Includes 130,000 bales offered from Government stocks in September and October before the new clip was available.
5/ Bales converted to pounds at an average weight of 310 pounds per bale for Australia and South Africa, 340 pounds for New Zealand, and 320 for London.

Since September, bimonthly auction sales have been held at London, each lasting about 3 weeks. Supplementary sales have been held at Bradford and Liverpool. Auctions also have been held at frequent intervals at all established wool selling centers in the South Hemisphere Dominions. The data in Table 1 are compiled largely from commercial sources and give some idea of the quantities offered at the 1946-47 sales. The amount of wool offered in the United Kingdom from September through December 1946, practically all of which was sold, was larger than the July-June sales in the years 1934-38. Total offerings in the United Kingdom and Southern Hemisphere markets in the last-half of the current season are expected to be considerably larger than the September-December offerings.

Combined offerings at all centers from Joint Organization stocks are expected to total more than a million bales in the 1946-47 season. This is in addition to the new production of the three Dominions.

When the sales opened at London on September 9, prices of fine grade wools advanced 10 to 15 percent above prices at which the British Government was selling similar wools in June. Prices of medium grade wools rose 7 to 10 percent above June issue prices. Prices of fine wools continued to advance moderately during the London auctions and at the October sales in Bradford and Liverpool. To meet the strong demand for wool the Joint Organization increased offerings for the London series opening on November 25 to about double the amount offered in September. Offerings totaling about 70 million pounds were more than twice as large as offerings at most London sales in the years just prior to the war. The larger offerings apparently checked most of the upward trend in prices. Prices for representative types of fine wool averaged slightly higher at these auctions than in September, but prices for medium wool dropped below the September average.

Table 2.-Price per pound (grease basis) for Dominion wools at the London wool auctions, September and December 1946.

Description		Average price: September 1946	Average price: December 1946	Percentage increase (-) or decrease (-)
		Cents	Cents	Percent
Victorian, Western, good quality		50.4-53.8	53.7-57.1	+6
New South Wales, good staple		50.4-53.8	53.7-57.1	+6
South Australian, good staple		43.7-47.1	45.3-47.0	+2
Cape, 10/12 months, good topmaking		35.3-38.7	36.0-38.6	+2
Medium grade wools				
Australian,	58s-60s	47.1-50.4	47.0-50.4	--
New Zealand	56s-58s	40.3-43.7	40.3-43.7	--
New Zealand	48s-50s	32.8-34.5	29.4-31.1	-10
New Zealand	46s-48s	31.9-33.6	28.5-30.2	-10

Prices quoted by the Committee of the London Wool Brokers converted from pence at current monthly average rate of exchange.

Prices at London and in other selling centers did not change much in January but showed some increase in February. Prices for fine wools in December were about 20 percent higher than prices at which the British Wool Control was selling similar Dominion wools in June. December prices for medium and coarse grade wools apparently were only slightly higher than June issue prices. Prices of both fine and medium wools in the United Kingdom in December were about 40 percent higher than the 1934-38 average after adjustment for changes in the British-U. S. exchange rate. The increase in prices of fine wools was generally expected since British issue prices for fine wools were considered relatively low on the basis of current supply and demand conditions.

Demand conditions in Southern Hemisphere markets have been quite similar to those at London. Practically all of the wools offered have been sold to commercial buyers. The Joint Organization has not been called upon to purchase wool in any considerable quantity.

The auction method adopted by the Joint Organization for sales of Government stocks and new production offers much more commercial freedom in the world wool market than the method of purchase and sales at fixed issue prices which was in effect from September 1939 until June 1946. Under the Joint Organization program, however, world wool prices should be much more stable than in prewar. Because of its large stocks, the organization can exert a strong effect on commercial supplies of wool and regulates offerings to meet changes in demand. Its minimum prices provide a "floor" for a large part of the worlds' supply of apparel wool. The British Dominions included in the program normally produce about three-fourths of the apparel wool entering world trade.

Wool Textile Industry Has Recovered Rapidly in Western Europe 1/

Wool textile activity increased rapidly in much of Europe during 1946. Statistics on mill consumption of wool are fragmentary, but such data as are available indicate that by the end of 1946, activity was up to or above the prewar level (1938) in many of the important consuming centers of Western Europe, except Germany. The shortage of raw material, which was the principal handicap to production of wool goods when the war ended, has been eased by large purchasing of Southern Hemisphere wool. Although the shortage of fuel and power is still limiting production in Western Europe, the principal handicap now appears to be a shortage of skilled labor.

Activity in the French wool textile industry in 1946 was estimated by the Comite Central de la Laine at 85 percent of 1938. In October, however, output was running at an annual rate equal to that of 1938. Shortages of trained labor and coal are now limiting French output. Workers have been brought from North Africa and skilled textile workers are being sought in Poland and Eastern European countries. France was the largest manufacturer of wool products in Continental Europe and the world's third largest consumer of wool prior to the war. About 400 million pounds (grease basis) of apparel wool, mostly imported, were consumed annually in 1934-38. Imports of wool in the first 6 months of 1946 totaled about 265 million pounds.

The greatest recovery probably was made in the Belgian wool textile industry. By July 1946, production of yarns and fabrics had regained the 1938 level and in December production as a whole was reported to be 50 percent above the 1938 rate. Until the latter part of 1946, output was limited chiefly by the lack of coal and power. Further expansion may be difficult unless additional labor can be trained. Domestic production of raw wool is negligible and all supplies must be imported. Annual retained imports of apparel wool averaged 90 million pounds (grease basis), for 1934-38.

1/ Based largely on reports of the International Wool Secretariat and reports from commercial sources.

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The Italian wool textile industry has attained a fairly high level of activity. In 1946 the industry worked largely for firms in Britian, Sweden, and Switzerland on a commission basis. After liberation, wool was available from UNRRA and pro direct Government purchases. Since November commercial purchases have been licensed

Recovery in Central Europe has been less rapid, partly because of lack of raw materials. Central European countries have received wool from UNRRA but these countries suffered considerable war damage and plant activity is low in many areas.

Table 3. - Stock sheep on farms January 1, number shorn, wool produced and cash farm income from sales of wool, United States 1935-1947

Year	Stock sheep on farms Jan. 1	Sheep shorn	Weight per fleece	Shorn wool production	Price per pound	Cash income	Pulled wool production	Total production shorn and pulled
	1,000 head	1,000 head	Pounds	1,000 lbs.	Cents	1,000 dol.	1,000 lbs.	1,000 lb
1935	46,139	44,991	8.04	361,531	19.3	69,613	66,000	427,531
1936	45,435	44,663	7.91	353,211	26.9	94,915	66,200	419,411
1937	45,451	44,284	8.04	356,078	32.0	113,807	66,200	422,278
1938	44,972	44,889	8.02	359,925	19.1	68,917	64,500	424,425
1939	45,710	45,195	8.00	361,689	22.3	80,683	64,500	426,189
1940	46,266	46,313	8.03	372,014	28.4	105,539	62,000	434,014
1941	47,441	47,722	8.12	387,520	35.5	137.754	65,800	453,320
1942	49,346	49,287	7.88	388,297	40.1	155,728	66,700	454,997
1943	48,196	47,892	7.91	378,843	41.7	157,825	65,200	444,043
1944	44,270	43,165	7.84	338,318	42.4	143,513	73,500	411,818
Average 1935-44	46,323	45,840	7.98	365,743	30.8	112,829	66,060	431,803
1945	39,609	38,763	7.94	307,949	41.9	129,122	70,500	378,449
1946	35,599	34,718	8.06	279,919	42.3	118,395	61,300	341,219
1947 1/	32,542							

1/ Preliminary